

Prescription Drugs – Medicare-Eligible Participants

As a Medicare-Eligible participant in the State Retiree Health Benefits Program, what are my choices regarding outpatient prescription drug coverage?

As a result of the Medicare Prescription Drug and Modernization Act of 2003, starting January 1, 2006, Medicare beneficiaries became eligible for an outpatient prescription drug benefit under the new Medicare Part D. The state program responded to the availability of this new benefit by offering a Medicare Part D plan as an option for their Medicare-eligible retiree group participants. This enhanced Part D plan, approved by Medicare and administered by Medco, is available under the Advantage 65 and Advantage with Dental/Vision Plans. As a result of offering a Medicare Part D plan through the state program, Medicare-eligible participants were ensured that they would get the benefit of the Medicare contribution toward the cost of their prescription drug expense, thereby reducing the prescription drug claims experience and, therefore, initially reducing the premium cost of the state plan coverage.

However, Medicare-eligible participants also have the option to select the Advantage 65—Medical Only (or Advantage 65—Medical Only with Dental/Vision) Plan, which provides the same medical benefits (and dental and vision benefits, if elected) as the Advantage 65 Plan, but does not provide a prescription drug benefit. Participants who choose the medical-only coverage may select from Part D plans offered outside of the state program. If a state program participant elects medical-only coverage upon initial enrollment in the state retiree program (if Medicare eligible) or upon initial eligibility for Medicare as a participant in the retiree program, or at any time drops prescription drug coverage, he or she will not be able to elect prescription drug coverage through the state program again in the future.

In summary, when electing Medicare-coordinating coverage under the State Retiree Health Benefits Program, you must decide whether you wish to get your outpatient prescription drug coverage through the program or whether you wish to get your drug coverage through a separate, non-state-sponsored Medicare Part D plan. For more information about non-state-sponsored Medicare Part D plans, contact Medicare by calling 1-800-MEDICARE or going to the Medicare Web site at www.medicare.gov.

Please refer to ***Retiree Fact Sheet #5. Medicare and the State Retiree Health Benefits Program***, for more information about the interaction of the state program with Medicare and what you need to do to ensure a smooth transition to Medicare primary coverage. Medicare must approve coverage under the Medicare Part D plan that is offered under the state program. If Medicare denies your enrollment under the state's Part D plan, you will be moved to Medical-Only coverage. The state plan cannot override a denial by Medicare.

I am enrolled in the Option I (or Option II) Plan. Do I have prescription drug coverage?

Participants who are grandfathered in the Option I, Option II and Option II with Dental/Vision Plans have the same prescription drug coverage as participants in the Advantage 65 Plans. Option I and II participants who wish to get prescription drug coverage through a non-state-sponsored plan may elect the Advantage 65—Medical Only or Advantage 65—Medical Only with Dental/Vision plan. However, once prescription drug coverage is terminated, it may not be elected under the state program at any time in the future.

If I decide to elect the Advantage 65 or Advantage 65 with Dental/Vision Plan, how will my prescription drug benefit work?

Medicare must approve your enrollment in the state's Part D plan. However, if your enrollment is approved, following are the provisions of the enhanced Medicare Part D Plan that is a part of the Advantage 65 and Advantage 65 with Dental/Vision Plans:

Formulary – A critical part of this coverage is the formulary (the list of covered drugs). Generally, only drugs included on the plan's formulary will be covered. However, participants may apply for exceptions to formulary exclusions. There are also appeal processes that may be accessed if your exception or coverage review is not decided in your favor.

All prescription drug formularies offered by Medicare Part D Plans, including the state program's enhanced Medicare Part D plan, were approved by the Centers for Medicare and Medicaid Services (CMS). Most generic drugs (except those excluded by Medicare Part D) are covered under the new state plan formulary, and, as required by law, there are at least two drugs in every therapeutic category and class (unless there are not two drugs in that category/class). Participants have significant protections provided by law.

Deductible – A \$250 deductible will apply to all covered drugs except generics. This means that you will pay the first \$250 in covered brand-name drug cost before you get the benefit of the co-payment or coinsurance level indicated in the chart below. **There will be no deductible associated with covered generics, so you will immediately**

get the benefit of the generic co-payment when you fill covered generic prescriptions.

Drug Tiers – Each covered drug will be assigned a tier. The tier dictates the amount that you pay for the drug, whether it is coinsurance (a percentage of the cost of the drug) or co-payment (a flat amount that you pay for the drug).

Co-payments

Drug Tier	Type of Drug/Method of Purchase	Your Co-Payment Amount
Tier 1	Per 30-day supply of a covered <u>generic drug</u> at a participating retail pharmacy (up to a 90-day supply)	\$4.00
Tier 1	Up to a 90-day supply of a covered <u>generic drug</u> purchased through the mail service program	\$4.00
Tier 2	Per 30-day supply of a covered <u>preferred brand</u> at a participating retail pharmacy (up to a 90-day supply)	\$17.00 (after deductible)
Tier 2	Up to a 90-day supply of a covered <u>preferred brand</u> purchased through the mail service program	\$34.00 (after deductible)

Coinsurance

Drug Tier	Type of Drug/Method of Purchase	Your Coinsurance Amount
Tier 3	Per 30-day supply of a covered <u>non-preferred brand</u> at a participating retail pharmacy (up to a 90-day supply)	75% of the cost of the drug (after deductible)
Tier 3	Up to a 90-day supply of a covered <u>non-preferred brand</u> purchased through the mail service program	75% of the cost of the drug (after deductible)
Tier 4	Non-Covered Drugs	No Coverage – you pay 100% of the cost of the drug
Drug Tier	Type of Drug/Method of Purchase	Your Coinsurance Amount
Tier 5	Per 30-day supply of a covered <u>specialty drug</u> at a participating retail pharmacy	25% of the cost of the drug (after deductible)
Tier 5	Up to a 90-day supply of a covered <u>specialty drug</u> purchased through the mail service program	25% of the cost of the drug (after deductible)

Annual Out-of-Pocket Protection/Catastrophic Coverage – If your annual out-of-pocket drug expense (including your copayments, coinsurance and deductible, but not including the cost of non-covered drugs) exceeds \$3,600, you will pay either a \$2 (generic or preferred brand) or \$5 (other drugs) co-payment, or 5% coinsurance, whichever is greater, for all covered drugs for the remainder of the plan year. You will receive a monthly summary of your out-of-pocket expense directly from Medco. Prescription drugs purchased outside of the United States and its territories will not count toward your out-of-pocket expense for purposes of the catastrophic benefit.

Creditable Coverage – The outpatient prescription drug coverage that is available to Medicare-eligible participants through the State Retiree Health Benefits Program is a Medicare Part D Plan, approved by Medicare. It is, therefore, creditable coverage. This means that if you terminate this prescription drug coverage and enroll in another Part D plan with less than a 63-day break, you will not pay any additional premium amount based on the time you were covered under the state program.

Are There Drugs That Require Approval in Advance?

Some drugs will require prior authorization from your doctor before the prescription can be filled. These requirements are indicated in the formulary, or you or your doctor may contact Medco Customer Service for additional information.

Are There Drugs That Have Quantity Limitations?

Some drugs do have limitations on quantities dispensed within designated time frames. You or your doctor may check on any quantity limitations by contacting Medco Customer Services. Quantity limitations are also indicated in the formulary.

How do I obtain a formulary?

Upon enrolling in the Advantage 65 or Advantage 65 with Dental/Vision Plans and being approved by Medicare, you will receive an abridged formulary as a part of your *Welcome Kit* from Medco. If you wish to receive a complete formulary, you may contact Medco at 1-800-572-4098 or you may check individual drugs by going to www.medco.com.

May I go to any pharmacy to get my prescriptions filled?

You must use a retail pharmacy that participates in the plan's network. Contact Medco at 1-800-572-4098 to confirm that your pharmacy participates or to identify a participating pharmacy in your area. You will receive a pharmacy directory based on your home address as a part of your *Welcome Kit*. Prescriptions filled at non-participating pharmacies will not be covered except in emergency situations or if no network pharmacy that is accessible to you is able to fill your prescription.

What is an exception, and how do I request an exception to the formulary?

If you have been prescribed a drug that is not on the plan's formulary, you may request an exception to the formulary by calling 1-800-753-2851. If Medco determines that it is medically necessary for you to take a drug that is not on the formulary, an exception may be granted. If the exception is approved, you will pay the Tier 3 coinsurance cost, and your out-of-pocket expense will count toward your deductible and your catastrophic benefit accrual.

You may also request an exception if you are taking a Tier 3 drug and are unable to take a therapeutic equivalent in Tiers 1 or 2. If the exception is granted, you will pay the Tier 2 copayment for the Tier 3 drug.

You may also request an exception to quantity limitations.

If exceptions are denied, you may exercise additional appeal levels. Your Evidence of Coverage (provided by Medco at the time of enrollment) will provide more information about appeal processes that are available.

Exceptions will not be granted for excluded drugs.

What is “YOURx PLAN”?

YOURx PLAN is the name of the enhanced Medicare Part D plan that is available through the State Retiree Health Benefits Program. It is administered by Medco. Please be aware that Medco offers YOURx PLAN coverage that is not associated with the state program, so be sure that you have identified the YOURx PLAN coverage that is brought to you by the Commonwealth of Virginia and Medco, and not the plan that is offered to non-state-plan consumers, when you are seeking plan or formulary information.

Are any drugs excluded from coverage?

Medicare excludes the following categories of drugs from Medicare Part D plan coverage:

- Drugs for anorexia, weight loss or weight gain
- Drugs used to promote fertility
- Drugs used for cosmetic purposes
- Drugs for symptomatic relief of cough and colds
- Prescription vitamins and mineral products
- Non-prescription drugs
- Barbiturates
- Benzodiazepines

These drugs are not covered under the state’s Part D plan, and the cost of these drugs will not count toward your deductible or catastrophic benefit accrual. You will not be granted an exception for excluded drugs.

If I become eligible for Medicare, enroll in the Advantage 65 Plan and then find that drugs that I am already taking are not on the formulary, what are my options?

You may want to discuss this with your doctor to determine if there are therapeutic equivalent drugs that are included on the formulary that will meet your needs. However, if your doctor indicates that the non-formulary drug is the only appropriate medication for your individual circumstance, you may request a coverage review. If a formulary exception is approved, you will get the Tier 3 benefit for the approved drug. There are no exceptions for excluded drugs. Generally, exceptions will not be granted for drugs in Tier 5. If your exception is denied, there are additional appeal levels available to you. See Section 6 of your Evidence of Coverage for more information on coverage reviews, exceptions and appeals, or contact Medco at 1-800-753-2851

How Can I Reduce My Out-of-Pocket Expense for Prescription Drugs?

Use generic drugs. Covered generic drugs are in Tier 1 and have the lowest co-payment level. The Centers for Medicare and Medicaid Services indicates that, “The Food and Drug Administration ensures that a generic drug is the same as a brand-name drug in dosage, safety, strength, quality, the way it works, the way it is taken, and the way it should be used. Generic drugs use the same active ingredients as brand-name drugs and work the same way. This means they have the same risks and benefits as the brand-name drugs.”

If your doctor prescribes a brand-name drug when there is a generic equivalent available, network pharmacies will automatically give you the generic version unless your doctor has indicated that you must take the brand drug.

Use the Home Delivery Pharmacy. Tier 1 and 2 copayments are lower if you order your maintenance prescriptions through Medco’s mail service pharmacy. Contact Medco at 1-800-572-4098 if you need additional information or enrollment materials for the mail service.

Use Participating Pharmacies. Except in emergencies, you will not be covered if you fill your prescriptions at a non-participating pharmacy.

Check Your Formulary. When you go to the doctor, take your formulary with you so that your doctor will know what drugs are covered and most cost-effective for you. However, if it is not possible to prescribe a formulary drug, remember that there are exception/appeal processes available to you.

Is the Home Delivery Pharmacy Service Safe?

Prescriptions ordered through the Medco’s home delivery service are mailed in protective shock and tamper-resistant packages with no indication that medications are enclosed. Dispensing systems are utilized to assist pharmacists in filling each prescription accurately and efficiently. The home delivery service uses the same database to verify eligibility and monitor drug utilization as the retail pharmacies, and it is subject to the same degree of regulation and scrutiny as retail pharmacies.

The Medco home delivery service has developed special processes for handling and shipping medications that are temperature sensitive.

Medco has identified those medications that may lose potency when exposed to extreme temperatures. While housed in Medco pharmacies, medications that are sensitive to heat are kept in refrigerated areas, and when mailed, they are placed in special insulated packages with gel packs designed to maintain the correct temperature.

Certain controlled medications will not be available through the mail service.

Are My Diabetes Supplies Covered Under My Prescription Drug Program?

Syringes are covered under the Advantage 65/Medicare Part D prescription drug benefit. They fall under Tier 2, so you would not pay more than \$17 for a 30-day supply at a participating retail pharmacy or \$34 for a 90-day supply through the mail service. Test strips, lancets and blood glucose monitors are covered under Medicare Part B and can be obtained through a Medicare-participating provider of durable medical equipment. Contact Medicare for more information about this Part B benefit. Once Medicare has paid the primary benefit, you can file for secondary coverage under the Advantage 65 program's medical benefit.

Will I Have A Separate Prescription Drug Card?

Advantage 65 and Advantage 65 with Dental/Vision participants will receive a separate ID card from Medco. Present this card at participating pharmacies to use your benefit. This also applies to grandfathered participants in Option I and Option II.

If I choose one of the Advantage 65-Medical Only plans, may I add prescription drug coverage again in the future?

No, once you have dropped or failed to elect Medicare-coordinating prescription drug coverage under the state program, you may not add it again in the future. As a Medicare beneficiary, you may choose from other Medicare Part D plans that are available in the marketplace. Contact Medicare for additional information.

It is important to maintain Medicare Part D or other creditable coverage once you are eligible. If you are eligible but fail to enroll in Medicare Part D or other creditable coverage for 63 or more days, you will have to pay more for the Part D coverage when you do enroll, and the increase will be forever. (Veterans benefits and Tricare are creditable.) Also, there are limited opportunities to enroll, so be sure to exercise your rights immediately upon eligibility.

Do I need to notify Medicare about my Medicare Part D coverage under the Advantage 65 Plan?

When you enroll in the Advantage 65 Plan or the Advantage 65 with Dental/Vision Plan, the state program will automatically submit your Part D enrollment to Medicare since the prescription drug program offered under these plans is a Medicare Part D plan. However, if you are eligible for Medicare at the time of your retirement, be sure to contact the Social Security Administration at 1-800-772-1213 and Medicare at 1-800-MEDICARE to advise of your change in employment status. If Medicare is not aware that you are no longer covered by your health plan due to current/active employment, your enrollment in a Medicare Part D plan may be denied. If you are enrolled as a participant in the state plan for active employees prior to retirement or start of LTD, advise Medicare that you will be losing your creditable prescription drug coverage as an active employee and that you will be enrolling in Part D coverage due to that event. The state program is not able to override a denial of Part D coverage by Medicare, so be sure that Medicare is aware of your termination of employment. You may also contact the Medicare COB contractor to confirm that your employment status is accurate with Medicare. See page 9 for contact information.

State Retiree Health Benefits Program Prescription Drug Claims Administrator

Advantage 65, Advantage 65 with Dental/Vision, Option I, Option II and Option II with Dental/Vision	Call or Visit the Web Site:
Medco	<p>Customer Service: 1-800-572-4098 www.medco.com</p> <p>Exceptions/Coverage Determinations/Appeals: 1-800-753-2851</p>

Listed below are helpful resources for Medicare information:

For Medicare Information	Call or Visit the Web Site
Medicare	<p>1-800-MEDICARE www.medicare.gov</p>
Social Security Administration	<p>1-800-772-1213 www.ssa.gov</p>
Medicare Coordination of Benefits (COB) Contractor	<p>1-800-999-1118</p>